THE
Dan Smoot Report

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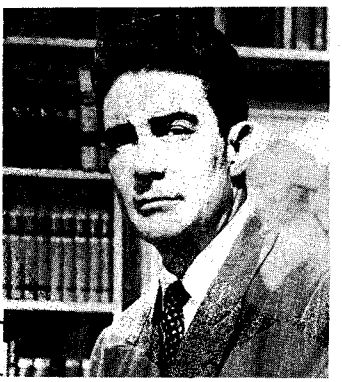

DAN SMOOT

ANOTHER MESS OF POTTAGE

On January 26, 1966, President Johnson sent Congress a message demanding the Demonstration Cities Act of 1966, to start a remodeling of every town and city in the United States — the remodeling to be planned and managed by the federal government, financed with taxpayers' money. Whole sections of cities, great and small, are to be torn down and rebuilt; and new cities are to be created.[1]

This is urban renewal on an enlarged scale and under a new name; but it is also more than that. It provides federal control of every aspect of human life in the cities of America. The federal government will plan, help finance, and direct all activities involving housing, job training, health, recreation, education, welfare, race relations, transportation — everything.[1]

The President seems fully aware of the extent, and portent, of his plan. He said:

"From the experience of three decades, it is clear to me that American cities require a program that will concentrate our available resources . . . to improve the conditions of life in urban areas . . . .

"I propose a demonstration cities program that will offer qualifying cities of all sizes the promise of a new life for their people . . . .

"I propose that we combine physical reconstruction and rehabilitation with effective social programs throughout the rebuilding process . . . .

"There are few cities or towns in America which could not participate in the demonstration cities program. We shall take special care to see that urban communities of all sizes are included. For each such community, the impact of the program will be significant . . . . For the largest qualifying cities . . . . a typical program could well involve a total of 35,000 units or 100,000 people . . . .

"In every qualifying city, a Federal coordinator would be assigned to assist local officials in bringing together all the relevant Federal resources.

THE DAN SMOOT REPORT is published weekly by The Dan Smoot Report, Inc., Box 9538, Dallas, Texas 75214 (office at 6441 Gaston Ave.). Subscriptions: $18.00 for 2 years; $10.00, 1 year; $6.00, 6 months; first class, $12.50 a year; airmail, $14.50. Dan Smoot was born in Missouri, reared in Texas. With BA and MA degrees from SMU (1938 and 1940), he joined the Harvard faculty (1941) as a Teaching Fellow, doing graduate work in American civilization. From 1942 to 1951, he was an FBI agent; from 1951 to 1955, a commentator on national radio and television. In 1955, he started his present independent, free-enterprise business: publishing this REPORT and abbreviating it each week for radio and TV broadcasts available for commercial sponsorship by business firms.

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"Once authorized, the supplemental funds would be made available in a common account. They would be drawn at the discretion of the community to support the program. They would be certified by the Federal coordinator . . . .

"Funds are required in the first year to assist our cities in the preparation of demonstration plans. We should not underestimate the problems involved in achieving such a plan. The very scale of the demonstration, its widespread and profound effects on the social and physical structure of the city, calls for marshaling the city's planning and administrative resources on an unprecedented scale.

"I estimate the appropriate Federal contribution to this planning effort at $12 million.

"For the supplemental demonstration grants, I will recommend appropriations, over a 6-year period, totaling over $2.3 billion, or an average of some $400 million per year."[1]

Trillions For Bribery And Blackmail

Though the President recommended a $12 million federal appropriation to plan demonstration cities, and $400 million a year for six years in supplemental grants to implement the plans, he did not include these recommended appropriations in his 1967 fiscal-year budget.

Government planners say the entire program will cost about 2 trillion (two thousand billion) dollars[2] — more than total expenditures of the federal government, for all purposes, from 1789 to the present.

The word *supplemental* means that the tax money which the President wants appropriated for the demonstration program will be in *addition* to all other multi-billion-dollar programs of federal aid to cities (for welfare, health, education, transportation, urban renewal, and so on).

The President reiterated the word *qualifying* when mentioning cities that will participate in the demonstration program. They will *qualify* for federal tax money by complying with orders of the federal bureaucracy.

The President made it clear that he wants all cities and towns of America to participate in his program; and his message to Congress contained a subtle combination of blackmail and bribery to encourage maximum participation.

The President promised "participating cities" "two types of Federal assistance": (1) "The complete array of all available grants," and (2) "Special grants amounting to 80 percent of the non-Federal cost of our grant-in-aid programs."

The "complete array of all available grants" includes many programs which pour federal tax dollars into cities on a matching-grant basis: the federal government pays half the costs of the programs; the recipient cities pay half. In offering special grants to pay 80 percent of the "non-Federal cost," the President is actually committing the federal government to pay *90 percent* of the *total* cost: the 50 percent that the government already pays, plus four-fifths of the 50 percent that the recipient cities pay.

Thus, cities that participate in the President's demonstration plan will have to pay for only 10 percent of their matching-grant programs. Cities that do not participate will continue to pay 50 percent. Tremendous sums of money are involved in these percentages. Hence, the bribery and the blackmail: the promise of more federal money, requiring less local tax money to match it, for those who participate; the threat of ever-rising local tax burdens to match federal grants, in those communities that do not get the special bounty as a reward for participating.

Thirty Years of Failure

The President said the "experience of three decades" makes it clear to him that the cities of America must have the massive infusions of federal tax money which he recommended. He was, of course, referring to the fact that the federal government has been spending money for "three decades" (and longer) to solve the problems of our cities, but has not yet solved them.

Three decades ago, new-deal politicians were asserting that more than a third of all Americans were ill-clad, ill-fed, and ill-housed. The new

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dealers — and all the dealers who followed them: the fair dealers of Truman; the modern republicans of Eisenhower; the new frontiersmen of Kennedy; and the poverty warriors of Johnson — confiscated billions upon billions from the earnings of the American people to eliminate poverty.

It is difficult, if not impossible, to determine how much the federal government has spent to feed, clothe, and house the ill-clad, ill-fed, and ill-housed since new deal days. Budget figures reveal that in the past *ten* years (fiscal 1956 through fiscal 1965), the federal government spent $50-.574 billion on activities involving the health, education, welfare, training, and recreation of Americans. In the same ten-year period the federal government spent $3.438 billion to improve the housing and renovate the cities of Americans.[3]

These two amounts total $54.012 billion. The total assessed value of all property (including land and buildings) in the six largest American cities (New York, Chicago, Philadelphia, Los Angeles, Detroit, Baltimore) is $54.750 billion.[4]

The $54.012 billion figure does not, by any means, include all federal tax money spent in the 1956-65 ten-year period to "improve the conditions of life" in the United States; but it is large enough to indicate that the government has not been stingy about fighting poverty. Surely, if federal planners and politicians can eliminate poverty by spending tax money, poverty ought to be vanishing.

Is it vanishing? President Johnson gives various answers to that question.

When boasting about the accomplishments of his administration, he paints a glowing picture of our national prosperity. In his 1966 State of the Union Message, he indicated that we are prosperous enough to feed, medicate, and uplift the entire world, while expanding the great society at home and fighting a shooting war 10,000 miles away.[5]

When asking for more money to fight poverty and to rid our cities of "fester and decay," the President paints a picture of conditions infinitely worse than before the oceans of tax money began to flow, more than three decades ago. Note the "conditions of life in urban areas" as portrayed in President Johnson's Demonstration Cities message to Congress:

"Shall we make our cities livable for ourselves and our posterity? Or shall we by timidity and neglect damn them to fester and decay?

"If we permit our cities to grow without rational design, if we stand passively by, while the center of each city becomes a hive of deprivation, crime, and hopelessness: if we devour the countryside . . . while our ruins — millions of tenement apartments and dilapidated houses — go unredeemed . . . then we shall effectively cripple each generation to come . . . . I believe this will come to pass—unless we commit ourselves now to the planning, the building, the teaching, and the caring that alone can forestall it.

"That is why I am recommending today a massive demonstration cities program . . . . I recommend an effort larger in scope, more comprehensive, more concentrated — than any that has gone before.

"I know the work of the past three decades. I have shared in the forging of our Federal housing and renewal programs. I know what they have done for millions of urban Americans:

"Eight million single-family dwellings assisted by the Federal Housing Administration.

"An additional 6.7 million assisted by the Veterans' Administration.

"One million, one hundred thousand multiple units created; 605,000 families moved out of decayed and unsanitary dwellings into decent public housing; 300,000 dwelling units supported under urban renewal . . . .

"Our housing programs have built a platform, from which we may see how far away is the reborn city we desire. For there still remain: some 4 million urban families living in homes of such disrepair as to violate decent housing standards; the need to provide over 30 percent more housing annually than we are currently building; our chronic inability to provide sufficient low and moderate income housing, of adequate quality, at a reasonable price; the special problem of the poor and the Negro, unable to move freely from their ghettoes, exploited in the quest for the necessities of life; increasing pressures on municipal budgets . . . [and] the high human costs: crime, delinquency, welfare loads, disease

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and health hazards. This is man's fate in those broken neighborhoods . . . the tragic waste and, indeed, the chaos that threatens where children are born into the stifling air of overcrowded rooms, destined for a poor diet, inadequate schools, streets of fear and sordid temptation, joblessness, and the gray anxiety of the ill prepared; and the flight to the suburbs of more fortunate men and women, who might have provided the leadership and the means for reversing this human decline . . . ."(1)

Reject The Mess

The Tenth Amendment to our Constitution clearly prohibits the federal government from engaging in activities not authorized by the Constitution. No provision or inference in the Constitution authorizes the federal government to engage in, or subsidize, *any* of the activities specified in the President's proposed Demonstrations Cities Act of 1966. The proposal is wholly unconstitutional.

For this reason alone, Congress and the people should indignantly reject it; but there are other compelling reasons.

Even if we evaluate the President's proposal solely on the basis of immediate, pragmatic practically — ignoring constitutional principles and the grim, long-range consequences of surrendering our freedom — we must conclude that the President offers us a bad bargain. His scheme will make matters worse.

Despite 30 years of federal spending to eliminate poverty, the people are more impoverished now than ever before, according to the picture President Johnson paints.

Imagine what a war on poverty the people themselves could have waged in the past thirty years if *they* had been permitted to use their own money — money which government has confiscated for unconstitutional spending! With the billions which government has *ineffectively* spent on housing, jobs, schools, medical care — the people could have built millions of fine homes, tens of millions of school rooms and hospital rooms, hundreds of thousands of great new factories! *What the people could have done with their own money* staggers the imagination. *What government has done with it* is an ugly record of waste, fraud, and failure.

I wish every reader of this *Report* would write the U. S. Representative from his district and the two U. S. Senators from his state, saying something like this (in your own words):

"For the sake of the people you represent, for the sake of America, for the sake of the great principles of liberty and constitutional government which made America the land we love, please fight against the President's proposed Demonstration Cities Act. Do not accept a part, or modified version, of it. Kill the legislation. It is another instance of the people being asked to sell their birthright of freedom for a mess of pottage—and the government cannot even deliver the pottage it promises."

Address Senators at the Senate Office Building, Representatives at the House Office Building, Washington, D.C. If you do not know their names, call the nearest newspaper or public library.

FOOTNOTES

(1) "Demonstration Cities Act of 1966 — Message From The President," *Congressional Record*, January 26, 1966, pp. 1101-5 (daily)

(2) *U.S. News & World Report*, February 7, 1966, pp. 55-7

(3) These figures were compiled from *The Federal Budget In Brief*, for fiscal years 1956 through 1965, as published each year by the Bureau of the Budget.

(4) *Information Please Almanac for* 1963, Simon and Schuster, New York City, 1962, pp. 410-8

(5) For details on the President's State of the Union Message, see this *Report*, "State of the Union: Critical," February 14, 1966; reprint prices: 25¢ each or 6 for $1.00.

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